



SOCIAL ACCORDS: IMPLEMENTATION AND PROGRESS

PRESENTATION TO THE PORTFOLIO
COMMITTEE

16 SEPTEMBER 2014



**economic
development**

Economic Development Department
REPUBLIC OF SOUTH AFRICA



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Aims and overview

- This Presentation highlights progress since the accords were signed by social Partners.
- It covers:
- Background and methodology
- Highlights of implementation for:
 - National Skills Accord
 - Basic Education Accord
 - Local Procurement Accord
 - Green Economy Accord
 - Youth Employment Accord

Social Accords in the NGP

- The New Growth Path (NGP) requires that the state
 - facilitate national and workplace productivity accords,
 - support community organisation, including through the Community Works Programme and other delivery mechanisms that build community and collective action, and
 - strengthen existing institutions for social dialogue, including Nedlac, sectoral and local forums.
- This work must critically
 - enhance information flows,
 - ensure government is more responsive to economic needs and
 - reduce the transaction cost of engagement for our partners.

The Accords

- EDD facilitated five major social accords in the past three years in the context of NEDLAC – skills, education, local procurement, the Green Economy and youth employment
- Aims:
 - Mobilise national capacity around key initiatives in the NGP
 - Chose areas where already considerable agreement to lay the basis for work in harder areas
- Agreed on aspirational targets to motivate all stakeholders to do more for national development

Methodology for M&E

- EDD has engaged with officials of government departments, state-owned companies (SOCs), private companies, business associations, unions and community organisations to determine progress in implementing the Social Accords
- Going forward, Monitoring & Evaluation should include the stakeholders who signed the Accords
- Work with NEDLAC to establish mechanisms for collective monitoring as the basis for driving implementation and unblocking
- This is especially true given the aspirational nature of the commitments

Some highlights

By 31 March 2014, 492 195 work opportunities for youth (49% of total) in EPWP/CWP

Public Sector Internships provided to over 15 000 in 2013/4

IDC and seta set aside R2,7 bn for youth entrepreneurs, and approved R250 mn as of March 2014

Rollout of renewable energy targets surpassed: 3 916 MW to be produced

1180 schools across the country "adopted" by government and social partners since 2011/2012

Past two years have seen 10 700 new beds at universities plus 500 lecture theatres; biggest HET and FET build programme in 30 years now underway

Over R20 million in state procurement in local

furniture, textiles, clothing, leather and footwear industries

PRASA and Transnet fleet renewal programmes to create over 50 000 direct and indirect jobs thanks to local procurement

IDC financed R600 million for Iveco Bus and Truck factory in Tshwane for locally assembled buses for the BRT rollout programme.

As of 27 June 2014, a total of 443 947 Solar Water Heaters have been rolled out, mostly to low-income households; designation to ensure local production

27 670 artisans trained in 2013/4

National Skills Accord

- Signed on 13 July 2011 by
 - Organised Labour (COSATU, FEDUSA and NACTU)
 - Organised Business (BUSA)
 - Community organisations represented at NEDLAC
 - Government (represented by DHET)

Commitments

- To expand the level of training using existing facilities more fully
- To make internships and placement opportunities available within workplaces
- To set guidelines for ratios of trainees to employees as well as across the technical vocations in order to improve the level of training
- To improve the funding of training and the use of funds available for training and incentives on companies to train
- To set annual targets for training in State-Owned Companies
- To improve SETA governance and financial management as well as stakeholder involvement
- To align training to the New Growth Path and improve Sector Skills Plans
- To improve the role and performance of Further Education & Training (FET) Colleges

PROGRESS: Artisans and internships

- 27 670 artisans trained in 2013/2014
 - Work placements / internships provided for 8025 students graduating from FET Colleges since 2012
 - Internships provided to 14 827 third year University of Technology students from the financial year 2011 / 2012 and 2012 / 2013.
 - Figures for the financial year 2013 / 2014) are still being audited.
- As of 31 March 2014:
 - Eskom had provided 5078 traineeships and work placements
 - Transnet: 3598
 - SAA / SAX: 302
 - Denel: 155
 - Safcol / Alexcor / Infraco: 113

PROGRESS: Improve performance of FET

- FET college development
 - DHET White Paper targets substantial increase in student numbers plus improved quality of training
 - DHET working with colleges on upgrading lecturers and institutional planning
- The biggest post-secondary school build programme in the past 30 years is now underway
- 10 700 beds have been added to the existing stock of university student accommodation
- Around 500 new lecture theatres and other facilities are being built or refurbished.
- Two new universities and 12 new FET campuses are planned or under construction

PROGRESS

Role DFIs and SOCs in FETs

Company	Number of Colleges	Budget
IDC	3	R2 mn
Denel	2	R3 mn
SA Airways	1	
Liberty	4	R3.8 mn
PG Group	1	
TOTAL	11	R8.8 mn

PROGRESS: TVET training to NGP & determine training ratios

- NBI has completed a component of Engineering Profiling.
- Next steps include:
 - Matching of colleges to industry
 - Determining targets for lecturer exposure
 - Profiling should be expanded across all programmes

Basic Education Accord

- Signed on 13 July 2011 by:
 - Organised Labour: COSATU, FEDUSA and NACTU
 - BUSA
 - Community Constituency
 - Government, represented by Department of Basic Education

Commitments

- Campaign to adopt poorly-performing schools and implement whole school development programme interventions
- Parties will also cooperate in developing programmes and interventions that are not confined to the list of adopted schools
- Government through DBE was to develop a standard Diagnostic reporting framework for use by constituencies to record the key gaps and problems at a particular school and provide corrective measures

PROGRESS

1. A diagnostic Report of underperforming schools indicating key gaps and problems was developed department of Education.
2. **A total of 1180 underperforming schools** across the country were identified and **adopted by government and the social partners** since 2011 / 2012.
3. Adopted schools benefit from support with buildings and furnishings, teacher education, food and uniforms.
4. The average period of support for schools is 3-5 years.
5. As a result there was a commitment to build 150 schools in needy areas. 77 completed to date under Accelerated Schools Infrastructure Delivery Initiative (ASIDI) and 108 through under Provincial schools built Programme

Local Procurement Accord

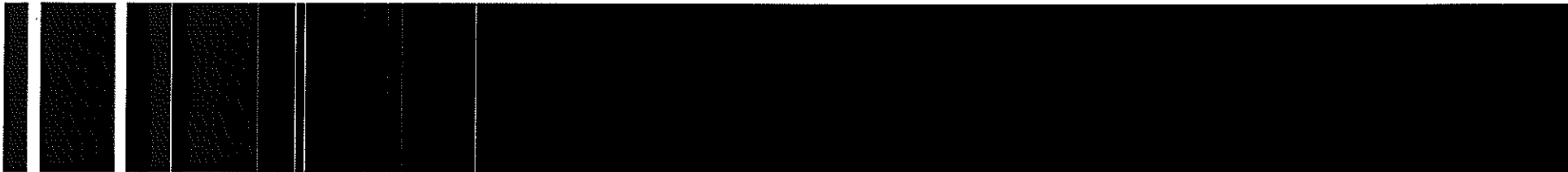
- Signed on 31 October 2011 by:
 - Organised Labour (COSATU, FEDUSA and NACTU)
 - Business (BUSA, BLSA, NAFCOC and FABCOS
 - Community Constituency
 - Government (represented by the Ministers of the **dti**, Finance, Energy, Economic Development and Public Enterprises)

Commitments

1. Leveraging public procurement
2. Establishment of standards for measurement and verification of local content
3. Roll-out of infrastructure
4. Support for local manufacturing
5. Investment in domestic manufacturing sectors
6. Complementarities between private sector procurement and state procurement
7. Organised business and industry association initiatives
8. Organised labour and affiliate procurement
9. Alignment of union linked investment funds to local procurement initiatives
10. Shareholder and corporate governance activism
11. Create awareness and social mobilisation and procuring locally
12. Supplier development opportunities for cooperatives and social economy enterprises
13. Partnership with Proudly South African

PROGRESS: State procurement

- Scope:
 - National government departments committed to procure goods and services worth R60,5 billion in 2014/5.
 - State entities and provinces will procure around R130 billion more. MTSF sets target of 75% local content for state procurement by 2019
 - Review of the Preferential Procurement Policy Framework Act (PPFA) and regulations, led by Chief State Procurement Officer with EDD, the dti, DPE and agencies, aimed to:
 - Foster and deepen the leveraging of public expenditure for economic development;
 - Align PPFA with the BBBEE Act and its Codes of Good Practice. The dti and NT designated specific industries to require that state tenders prescribe a share of local manufacture
 - The National Industrial Participation (NIP) policy aligned procurement with other industrialisation initiatives, supported by the Manufacturing Competitive Enhancement Programme (MCEP)



HIGHLIGHTS of achievements



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Highlights: Designated sectors

Industry/sector/sub-sector	Minimum local content
Bus bodies	80%
Textile, clothing, leather and footwear	100%
Power pylons	100%
Canned / processed vegetables	80%
Rolling Stock	65%
Pharmaceutical products (oral solid dosage tender)	73%
Set-top boxes for TV digital migration	30%
Furniture: Office	85%
School	100%
Base and mattress	90%
Solar Water Heater Components (tank and collector)	70%
Power and telecommunication cables	90%

Highlights

Infrastructure: legislative framework

- Equipment equalled around a third of state investment in 2013, valued at almost R62 billion
- PICC has made local procurement a priority
 - Section 14 (1)b of the Infrastructure Development Act of 2014 requires PICC to “identify opportunities for local industrialisation, which include local job creation and local procurement of goods and services...”
 - PICC has set up a localisation office with the IDC to identify possibilities and provide support if required
 - Currently exploring potential for local production of car bodies, bogies, coupling equipment, suspension gear and ventilation systems for Transnet; road studs; syringes for hospitals; and metering, transmission poles, vegetation management, boiler tubes, turbine blades and transformers for Eskom

Highlights: Infrastructure: SOC

- Eskom awarded contracts for capital expansion programme with local content of R3,1 billion (55% of total value)
 - The total local content committed by the Eskom supplier network to date in the capital programme amounts to R99 billion, (65% of total contracted value)
 - Local production of boiler, turbine and generator packages has been developed as a result
 - 50% of spend goes to empowered companies
- PRASA fleet renewal programme will see 7224 coaches built in South Africa between 2015 and 2025, resulting in direct creation of over 8000 jobs in the first phase from this year
- Transnet contracting for 1064 electric and diesel locomotives, of which almost a thousand will be build in Pretoria and Durban

Highlights Infrastructure: DFIs

- **IDC facilitated new production capacity** to supply build programmes amongst others through investments in:
 - Expanding a **steel pipe factory in Krugersdorp** to manufactures steel piping for water infrastructure for Rand Water and municipalities, creating 40 jobs.
 - **A plant to manufacture low to medium voltage insulated copper cable in Germiston** for the utilities, building and industrial sector, employing 147 jobs, geared mostly to meet new Eskom demand
 - **Due diligence is underway on establishment of a timber plantation in Mhlabayalingana** in KwaZulu Natal to produce sawn timber and wooden poles for the construction and power transmission industries, with the potential to create over 950 jobs at peak and a minimum of 600 sustainable on a fulltime basis for the local community

Highlights: Local Public Transport Improvement

- 333 new buses for BRT were assembled locally for the new integrated transport systems for Johannesburg and Cape Town. 112 of the BRT buses had 80% of the inputs for their bodies produced locally.
- IDC supported R600 million investment in a new bus factory in Tshwane to support BRT as well as assembling heavy vehicles for construction and mining; when complete, will create almost 1000 permanent jobs.
- Two new factories opened to assemble minibuses means South Africa has moved away from fully imported products before 2012 to local assembly.
- By the end of March 2014 some 20 800 new minibus taxis had been assembled in new factories in eThekweni and Springs.
- Encouraged by inclusion of heavy vehicles in dti's auto industry support programme

Highlights: Consumables

- Production of consumables like clothing and furniture creates more jobs and is comparatively easy
- Procurement of local furniture by Department of Tourism, IEC, Tshwane and courts in past year totalled over R25 million
- Gauteng included local production requirements in tender for R180 million in bedding
- Between 50% and 75% of recent pharmaceutical tenders worth billions of rand have gone

to local producers

- Workwear for government:
 - Mahlongwa is a 100% black owned company with 134 employees, mostly black women from Umkomaas
 - It secured 3 major workwear contracts with state agencies, facilitated by designation, which will enable it to add 59 more employees
 - The IDC provided R5 million in working capital for the tender

Private sector progress

- Private sector contribution is still being audited and is expected to finalise by September 2014.

Green Economy Accord

- Signed on 17 November 2011 by:
 - Organised Labour (COSATU, FEDUSA and NACTU)
 - Business (BUSA, NAFCOC and FABCOS)
 - Community Constituency
 - Government (represented by the Ministers of Energy, Water & Environmental Affairs, Economic Development, Agriculture, Forestry and Fisheries, Transport, Higher Education and Training, Trade and Industry, Public Enterprises, Public Works, Rural Development & Land Reform)

Commitments

1. Rollout of solar water heaters
2. Investment in the green economy
3. Rollout of renewable energy
4. Energy efficiency
5. Waste recycling, re-use and recovery
6. Biofuels
7. Clean-coal initiatives
8. Retro-fitting
9. Reducing carbon-emission on our roads
10. Electrification of poor committees and reduction of fossil-fuel open fire cooking and heating
11. Economic development in the green economy: promotion of localisation, youth employment, cooperatives and skills development
12. Cooperation around the United Nations COP 17 and its follow-up

PROGRESS: Solar Water Heaters

- 443 947 Solar Water Heaters were rolled out as of 27 June 2014
 - The process was slowed by a need to address local content and localisation issues
 - Maintenance issues also emerged

Next steps: Solar Water Heaters

- DOE preparing to procure additional 200,000 units (by March 2015) and 250,000 units by March 2016.
- Designated local content of 70% for collectors and 70% for solar water tank from August 2014
- DOE has entered into a MOU with relevant FET Colleges to train students in the installation and maintenance of SWH

PROGRESS: Renewable energy for the grid

- Target of procuring 3725 MW under the Renewable Energy Independent Power Producers programme has been surpassed, with a total of 3916 MW to come on line in the next few years
- Some projects from the first round have already begun feeding into the national grid.
- DOE has announced a further allocation of 3200 MW by 2020, to be acquired through subsequent bidding windows.

PROGRESS: New investment

- IDC has achieved target of funding R5 billion in green projects per year
- R16 billion in green energy sector over past 3 years
 - Renewable Energy - R13 billion (about 11% of total REIPP investment)
 - The rest for energy efficiency, biofuels and fuel-based energy
 - Investments facilitated creation of around 6700 jobs.
- About R320 million in green manufacturing resulting in the creation of about 767 jobs, including for instance a R300 million investment in the new DC Wind Towers plant in Coega to manufacture steel wind towers for wind energy
- R120 million disbursed to date by the Green Fund (Administered by Department of Environmental Affairs).

PROGRESS: Energy efficiency

- The average weekday evening peak demand reduction from April 2013 to April 2014 was 297MW, in part due to Eskom efficiency campaigns
- This translates into a national energy savings of 45.2 GWH (gigawatt hour) with considerable cost savings to consumers
- It is enough energy to power a city of the size of Mangaung
- Environmental benefits are reduced water use as well as lower green-house emissions.

PROGRESS: Biofuels

- Mandatory blending regulations were gazetted on August 23, 2012 that require:
 - 5% minimum concentration for biodiesel
 - 2% to 10% range for bio-ethanol blending
- The tariff and subsidy model are in the process of being finalised.
- DOE is currently finalising a position paper on the South African biofuels regulatory framework

PROGRESS: Waste Recycling

- Number of waste recycling projects have been initiated by NGOs, Government and its entities and some of them supported by private sector foundations
- Private-sector initiatives are still being audited – many are local and relatively small scale



HIGHLIGHTS: Waste recycling

- Recycling and Economic Development Initiative of SA (REDISA) has been initiated, collecting almost 29 000 tonnes of scrapped tyres by June 2014 and creating over 700 jobs.
- A R62 million Wastepreneur programme in collaboration with Wildlands Conservation Trust funded by the Green Fund to the tune of R62 million will be piloted in Kwazulu Natal and Gauteng
- Collection of recyclable material from 30 informal settlements will create around 4400 jobs for the duration of the project.
- Beneficiaries will trade the recyclables for cash or undertake bartering against points accumulated with recyclable material.

Youth Employment Accord

- Signed on 18 April 2013 by:
 - Organised Labour (COSATU, FEDUSA and NACTU)
 - Business (BUSA, BBC, BLSA)
 - Community Constituency
 - Youth Organisations
(SAYC, ANCYL, SASCO, SAYCC, YCL, Alliance of Youth NGO's, DA Youth, SAYRO, SACSA, SA Union of Students, SACC Youth Forum)
 - Government represented by the Ministers of Performance Monitoring and Evaluation, Higher Education and Training, Public Service and Administration, Rural Development and Land Reform, Public Works, Water and Environmental Affairs, Economic Development, Cooperative Governance and Traditional Affairs, Trade and Industry, Mineral Resources and Labour.

Commitments

- Education and Training (mostly covered under Skills Accord)
- Work Exposure
- Public Sector Measures
- Youth Target Set-asides
- Youth Entrepreneurship and youth cooperatives
- Private Sector Measures

PROGRESS: Second Chance Matric

- 3648 second chance matric learners have been assisted through providing tuition and tutoring services.
- These range of programmes is sponsored by the state, not-for-profit institutions, companies and unions
- DHET developed a White Paper on Post-Secondary Education and Training plans community colleges that will focus on life-long learning and in particular extend second chance at matric on a mass scale
- Gauteng Province has introduced community schools on a large scale, with over 90 000 learners and 250 educators in 33 centres

HIGHLIGHTS: Second chance matric and matric tutoring

Programme	Sponsors	Numbers (annual)	Description
NYDA Second Chance Matric	NYDA, ETP SETA	3168 intake for 2013	77% pass rate in 2013; 52 hours in various subjects; budget of R8 m

Gauteng matric re-write	Gauteng Province	n.a.	Taught through Adult Education Centres that reached 91 000 learners in 2013, the bulk of whom were re-writing matric.
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GADRA (Grahamstown Area District Relief Assoc) initiative	Rhodes University	125 (2013)	86% pass rate in 2012; Rhodes University students provide tutoring
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SACTWU	SACTWU	345	Supports matriculants at a cost of R500 000 p.a.
Winter School			

PROGRESS: Work Exposure: Government

- Government facilitated Placements of 3159 youth:
 - Department of Labour: 11 175 by end of March 2014
 - NYDA: 1984 by end of March 2014.
 - Ekurhuleni: 1000 unemployed graduates within the municipality and private companies
- Public sector provided close to 30 000 internship opportunities, mostly for graduates

Highlights: Workplace Placements - private sector contribution

- Absa
 - traineeships for accountants, attorneys, technologists and scientists targeting 130 students at R15.3 million
 - Learnerships programme for entry-level unemployed school leavers and graduates, with an annual investment of R47 million for about 675 school leavers.
- In 2013, Standard Bank spent R19 million to support 125 graduates and R33 million for 382 learnerships
- Alexander Forbes Young Talent Development Programme supported 100 young people at a cost of R3,5 million
- Harambee placed 6056 youth with some training

PROGRESS: Work experience for graduates

- 11 963 Technical Vocational Education Training graduates and 3731 University of Technology graduates were placed
- 11 951 professionals started internships, articles etc.
 - 1396 medical students
 - 2937 nursing graduates
 - 5000 law graduates undergoing articles of clerkship
 - 2618 accounting graduates undergoing initial test of competence; 670 undergoing part 1 of qualifying exam; and 209 undergoing part 2 of the qualifying exam.



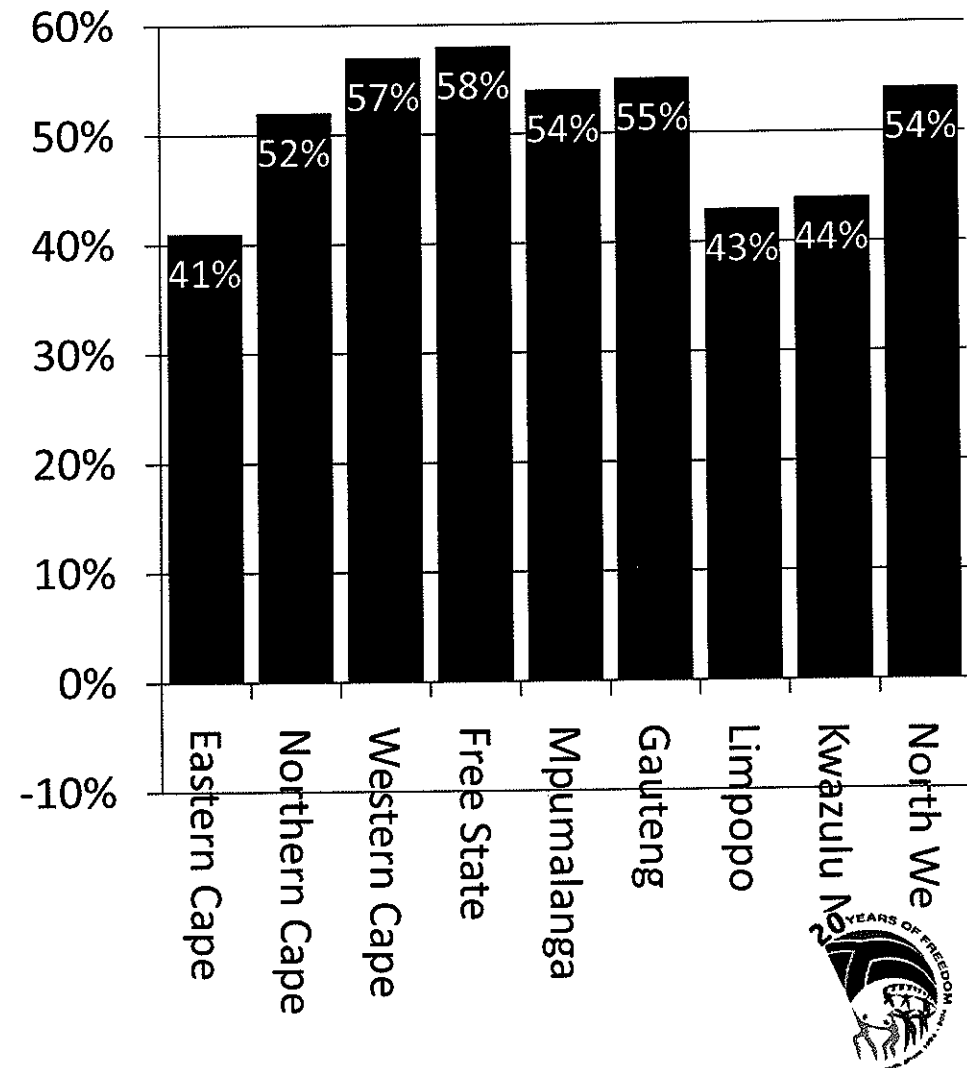
Case study: SAICA-EDD Partnership

- The Economic Development Department and SA Institute of Chartered Accountants (SAICA) entered into an agreement in 2012 to establish the Business Hub and Skills Training Programme.
- Collaboration between EDD, SAICA & Guarantee Trust leverages private sector expertise in accounting and finance to support SME.
- The aim of the project is to place accounting graduates to support Small and Medium Enterprises.
- To date a total of 225 graduates were placed in the programme



PROGRESS: Youth in Public Employment Schemes

- By end of March 2014, the total of work opportunities for youth was 492 000 or 49% of total, up by 72 400 compared to the previous quarter.
- The NYS coordinated by the NYDA under the Youth Build Project had 600 young people by end of quarter 2 and 1 320 by end of quarter 3.
- At least 74 000 work opportunities were created in Metros and District Municipalities



PROGRESS: Public Sector Internships

- Since 2009, over 77 000 young people have benefited through the Public sector internship programme.
- In 2013/4 alone, 15 952 interns were employed



PROGRESS: Youth Enterprise & Cooperatives Development

- The IDC has set aside R1 billion and sefa R1,7 billion for youth empowered enterprise in the coming three to five years
- Sefa approved R81 million and disbursed R58 million to youth owned enterprises in the financial year 2013/14
- The IDC approved R19,5 million for youth empowered enterprises from the Grow-E commitments in the financial year 2013/14.
- An additional R79 million was allocated to youth empowered enterprises from other sources within the IDC during the year
- The NYDA spent R40 million to benefit 43 000 young people as part of the youth enterprise programme, with R3 million going to co-ops and R28 million for grant loans.

PROGRESS: Incentivising the private sector

- The Employment Incentive Tax Act came into effect on the 1 January 2014. The main aim of the incentive is to reduce the cost of hiring young people through a cost-sharing mechanism with government.
- The young beneficiaries must be between 19 and 29 years of age and receive a salary between the minimum wage and R6 000 per month.
- This incentive is expected to benefit 133 000 young people and 11 000 employers.
- Evaluation of the impact will be done in due course.

Conclusions

- The social dialogue process has made huge progress in setting priorities and mobilising stakeholders around them for inclusive growth and development
- Monitoring and evaluation should provide the basis for identifying blockages and addressing them
- We will institutionalise it through appropriate joint systems and structures, but will have to ensure efficiency to avoid burdening stakeholders

SIYABONGA !!!

RE ALEBOHA !!!

THANK YOU !!!

